

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL				6. MINERAL LEASE NO: UTU-68536	6. SURFACE: Federal
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
8. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>				8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: XTO Energy, Inc.				9. WELL NAME and NUMBER: Utah Federal 18-7-4-24	
3. ADDRESS OF OPERATOR: 2700 Farmington Ave. B CITY Farmington STATE NM ZIP 87401				10. FIELD AND POOL, OR WILDCAT: Ferron Sandstone <i>Buzzard</i>	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1230' FSL x 1587' FWL <i>487451X 39.281780</i> AT PROPOSED PRODUCING ZONE: same <i>434784Y -111.145492</i>				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 4 18S 7E S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 7 miles Northwest of Orangeville, Utah				12. COUNTY: Emery	
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1587'		16. NUMBER OF ACRES IN LEASE 1945.86		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 2800'		19. PROPOSED DEPTH: 3,740		20. BOND DESCRIPTION: UTB-000138	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6694' Ground Elevation		22. APPROXIMATE DATE WORK WILL START: 11/15/2007		23. ESTIMATED DURATION: 2 weeks	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12.25"	9.625	J-55	36#	300	Type V	+/- 117 sx	1.61 ft3/sx	14.2 ppg
8.75"	5.5"	J-55	15.5#	3,740	CBM light wt - lead	+/- 55 sx	4.15 ft3/sx	10.5 ppg
				3,740	CBM light wt - tail	+/- 97 sx	1.81 ft3/sx	13.5 ppg

ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
<input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |
|--|--|

NAME (PLEASE PRINT) Kyla Vaughan TITLE Regulatory Compliance Tech
 SIGNATURE *Kyla Vaughan* DATE 1/17/2007

(This space for State use only)

API NUMBER ASSIGNED: 43-015-30703

**Approved by the
Utah Division of
Oil, Gas and Mining**

APPROVAL:

Date: 01-24-07
 (See Instructions on Reverse Side)
 By: *[Signature]*

RECEIVED
JAN 22 2007

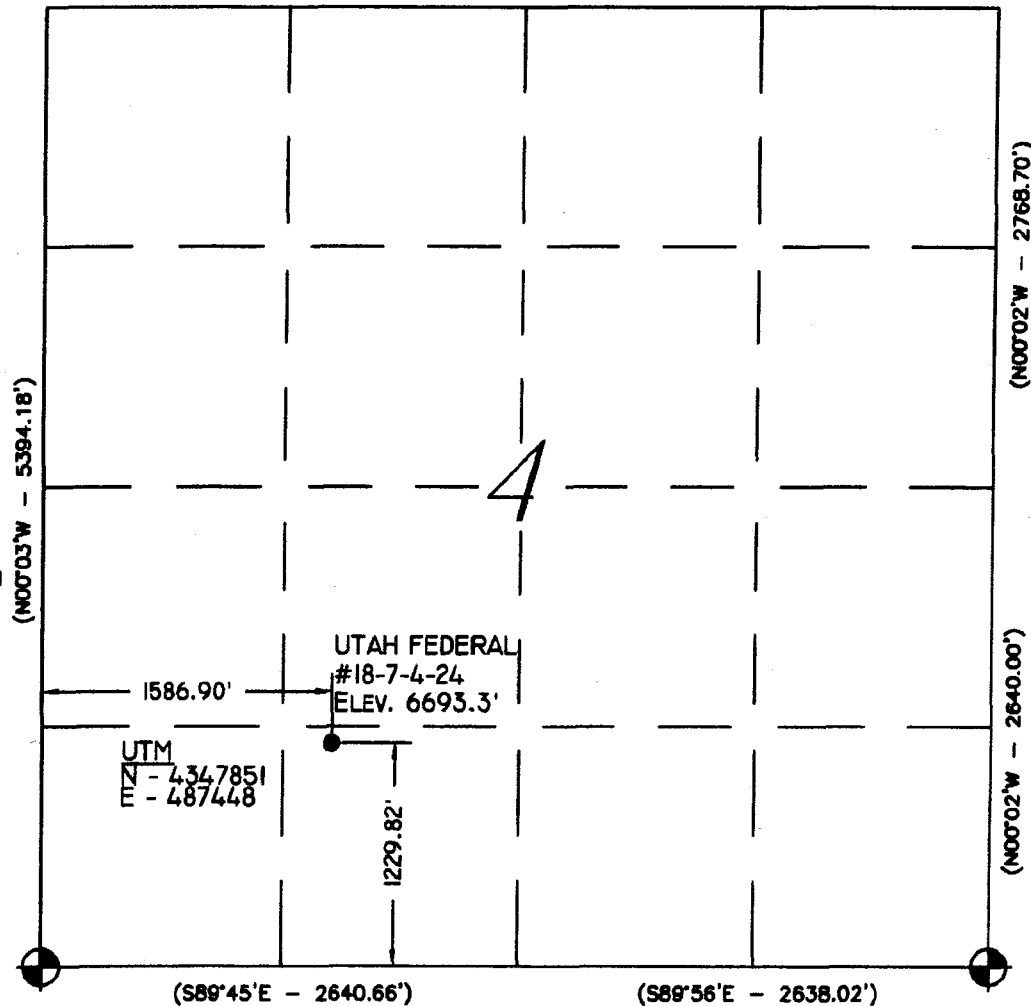
DIV. OF OIL, GAS & MINING

(11/2001)

**Federal Approval of this
Action is Necessary**

Range 7 East

Township 18 South



Legend

- Drill Hole Location
- ⊕ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Rock Pile
- () GLO
- GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
39°16'54.496" N
111°08'43.913" W

Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

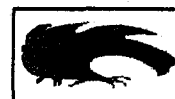
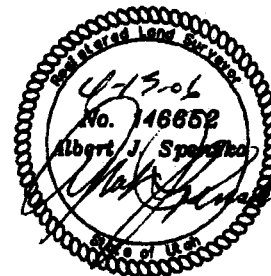
Basis of Elevation of 6687' being at the Northwest Section corner of Section 2, Township 18 South, Range 7 East, Salt Lake Base & Meridian, as shown on the Red Point Quadrangle 7.5 Minute Series Map.

Description of Location:

Proposed Drill Hole located in the SE/4 SW/4 of Section 4, T18S, R7E, S.L.B.&M., being 1229.82' North and 1586.90' East from the Southwest Section Corner of Section 4, T18S, R7E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230

Huntington, Utah 84308

Phone (435) 687-5310 Fax (435) 687-5311

E-Mail talon@trv.net



Utah Federal #18-7-4-24
Section 4, T18S, R7E, S.L.B.&M.
Emery County, Utah

Drawn By
N. BUTKOVICH

Checked By
L.W.J./A.J.S.

Drawing No.

A-1

Date:
4/11/06

Scale:
1" = 1000'

Sheet 1 of 4

Job No.
2084

GRAPHIC SCALE

0 500' 1000'
(IN FEET)
1 inch = 1000 ft.

**Bureau of Land Management
Application for Permit to Drill
Surface Use Plan**

Company: XTO Energy, Inc
Well No: Utah Federal 18-7-4-24
Location: 1230' FSL & 1587' FWL, Section 4, T18S, R7E

Thirteen Point Surface Use Plan

The dirt contractor will be provided an approved copy of the surface use plan of operations before starting construction.

1. Existing Roads

- a. Proposed route to location: The proposed route to location is shown on Exhibit "A" and is from the Red Point Quadrangle 7.5 minute series USGS quadrangle map.
- b. Location of proposed well in relation to town or other reference point: From Orangeville, Utah go West on Hwy #29 4.4 miles. Turn right on existing location road and go 1.1 miles to "Tee" and go straight another 0.8 miles to second "Tee". Go left for 0.6 miles to Utah Federal R 9-45.
- c. Contact the County Road Department for use of County Roads: No county road permits should be required.
- d. Plans for improvement and/or maintenance of existing roads: All existing roads within 1 mile of the drill site are shown on Exhibit "B". All roads that will be used to the well location will be maintained to their current conditions are better.
- e. Other Comments: None

2. Planned Access Roads

- a. Location of Access Road: Starting from a point along an existing road in the SW/4 of Section 4, T18S, R7E.
- b. Length of New Road: 3,095' of road will need to be constructed to access this location. See Exhibit "B".
- c. Length of Existing Road to Upgrade: No existing roads should need upgrades to access this location.
- d. Maximum Disturbed Width: Typically new access roads require up to 60' of disturbed width which includes ROW for gas and water pipe lines and electric service.

- e. Travel Width of Access Road: 25' or less.
- f. Maximum Grade after Construction: Maximum grades will not exceed 10% after construction.
- g. Turnouts Planned: No Turnouts are planned at this time.
- h. Surface Materials: Only native materials will be used if additional construction is required. If necessary, gravel or rock may be purchased and used to improve road conditions and travel.
- i. Drainage (crowning, ditching, culverts, etc.): Roads will be re-crowned and bar ditches, if necessary, will be located on either side. 18"-24" culverts will be installed as necessary.
- j. Cattle Guards: No cattle guards are planned at this time. If necessary, cattle guards will be specified in the stipulations.
- k. Length of new and/or existing roads which lie outside the lease or unit boundary for which a BLM/State/Fee right of way is required: None.
- l. Other:
 - i. Surface disturbance and vehicular travel will be limited to the approved location and access road. Any additional area needed must be approved by the State of Utah in Advance.
 - ii. If a right-of-way is necessary, no surface disturbing activities shall take place on the subject right-of-way until the associated APD is approved. The holder will adhere to conditions of approval in the Surface Use Program of the approved APD, relevant to any right-of-way facilities.
 - iii. If a right-of-way is secured, boundary adjustments in the lease or unit shall automatically amend this right-of-way to include that portion of the facility no longer contained within the lease or unit. In the event of an automatic amendment to this right-of-way grant, the prior on-lease/unit conditions of approval of this facility will not be affected even though they would now apply to facilities outside of the lease/unit as a result of the boundary adjustment. Rental fees, if appropriate, shall be recalculated based on the conditions of this grant and the regulations in effect at the time of an automatic amendment.
 - iv. If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the State of Utah will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental or other financial obligations determined by the State of Utah.

- v. If the well is not productive, the access road will be rehabilitated or brought to Resource (Class III) Road Standards within 60 days of dismantling the rig. If upgraded, the access road must be maintained at these standards until the well is properly abandoned. If this time frame cannot be met, the Field Office Manager will be notified so that temporary drainage control can be installed along the access road.

3. Location of Existing Wells:

- a. On a map, show the location of all water, injection, disposal, producing and drilling wells within a one mile radius of the proposed well, and describe the status of each:
See Exhibit "C".

4. Location of Production Facilities:

- a. On-Site facilities: Typical on-site facilities will consist of a wellhead, gas flow line, water flow line, artificial lifting system (pumping unit), 2 phase separator, gas measurement, water measurement, electronics, a heated enclosure/building for weather and environmental protection and chemical injection equipment (as required). All production and measurement shall conform to the provisions of 43 CFR § 3162.7 and Onshore Oil and Gas Order No. 4, if applicable.
- b. All permanent (in place for six months or longer) structures constructed or installed on the well site location will be painted a flat, non reflective color to match the standard environmental colors, as specified by the COA's in the APD. All facilities will be painted within six months of installation. Facilities required complying with the Occupational Safety and Health Act (OSHA) may be excluded.
- c. Off-site facilities: Off-site facilities are located at the CDP station and include compression, processing, separation, tanks, pits, electronics, and produced water disposal (SWD) well.
- d. Pipelines: The well will be produced into gas and water pipelines (sizes to be determined) and transported to existing pipelines. See Exhibit "B" for the proposed pipeline route.
- e. Power lines: Power lines are located underground in the same ROW as the water and gas pipelines.

5. Location and Type of Water Supply:

- a. All water required for drilling will be purchased from local municipal water supply. If possible, currently produced coal well water may also be used after receiving any necessary permits. Water will be trucked to location by a third party trucking company who specializes in water hauling.
- b. Water obtained on private land, or land administered by another agency, will require approval from the owner or agency for use of land.

6. Source of Construction Material:

- a. Pad construction material will be obtained from (if the source is Federally owned, show location on a map): All construction material will be purchased from private land owners or from a commercial gravel/materials pit. The use of materials will conform to 43 CFR § 3610.2-3, if applicable.
- b. The use of materials under State of Utah jurisdiction will conform to 43CFR § 3610.2-3, if applicable.

7. Methods of Handling Waste Disposal:

- a. Describe the methods and locations proposed for safe containment and disposal of waste material, e.g. cuttings, produced water, garbage, sewage, chemicals, etc. The reserve pit will be located along the edge and within the boundaries of the designated well pad. The walls of the pit will be sloped at no greater than 2 to 1 and will be lined with a synthetic material of approximately 12 mills in thickness. The reserve pit shall be located in cut material, with at least 50% of the pit volume being below original ground level. Three sides of the pit will be fenced before drilling starts. The forth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry. The amount of time the pit way remain open will typically be specified by the COA's. Once dry, the liner will be cut and removed at the mud line and the pit will be covered and buried in place.
- b. Trash must be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than the completion of drilling operations.
- c. Sewage from trailers and chemical portable toilets will be removed on a regular basis by a third party contractor and disposed of at an authorized sanitary waste facility.
- d. Any and all chemicals used during the drilling and completion of the well will be kept to a minimum and stored within the boundaries of the well pad. The third party chemical contractor will be responsible for containment and clean-up and removal of all spilled chemicals on location.

8. Ancillary Facilities:

- a. No ancillary facilities will be required during the drilling or completion of the well.

9. Well Site Layout:

- a. Depict the pit, rig, cut and fill, topsoil, etc. on a plat with a scale of at least 1"=50'. See Exhibit "D" & "E".
- b. All equipment and vehicles that will be used to drill and complete this well will remain within the boundaries of the approved well pad. Any equipment and or vehicles parked or stored off the location will be considered trespassing on federal lands and will NOT be tolerated.

- c. Materials obtained from the construction of the location, like topsoil and vegetation will be stock piled as indicated and permitted by the approved APD. The stock piles themselves may be outside the approved boundaries of the well pad.

10. Plans for Restoration of the Surface:

- a. The top 6 inches of topsoil material will be removed from the location and stockpiled separately on Adjacent Land or as specified by the approved APD.
- b. Topsoil along the access road will be reserved in place adjacent to the road.
- c. Within 30-45 days after completion of well, all equipment that is not necessary for production shall be removed.
- d. The reserve pit and that portion of the location not needed for production will be reclaimed 90-120 days after completion of the well.
- e. Before any dirt work to restore the location takes place, the reserve pit must be ready for burial.
- f. All road surfacing will be removed prior to the rehabilitation of roads.
- g. Reclaimed roads will have the berms and cuts reduced and will be closed to vehicle use.
- h. All disturbed areas will be re-contoured to replicate the natural slope.
- i. The stockpiled topsoil will be evenly distributed over the disturbed area.
- j. Prior to reseeding, all disturbed areas, including the access roads, will be scarified and left with a rough surface.
- k. Seed will broadcast or drilled between September and November, or at a time specified by the BLM and or state. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage.
- l. The following seed mixture will be used: As specified conditions of approval.
- m. If necessary, and abandonment marker will be one of the following, as specified by the State of Utah:
 - i. At least four feet above ground level,
 - ii. At restored ground level, or
 - iii. Below ground level.
 - iv. In any case the marker shall be inscribed with the following: operator name, lease number, well name and description (township, section, and either quarter-quarter or footages).
- n. Additional requirements: None

11. Surface and Mineral Ownership:

Both the Surface and the Minerals are owned by the Federal Government and are managed by the Bureau of Land Management: 82 East Dogwood Avenue, Moab, Utah, 84532, 435.259.2106.

12. Other Information:

- a. Archeological Concerns: An approved contractor will submit the appropriate reports to the agency as required. Special stipulations will be included in the COA's of the approved APD.
- b. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the State of Utah Field Office. Within five (5) working days, the State of Utah will inform the operator as to:
 - i. Whether the materials appear eligible for the National Register of Historic Places;
 - ii. The mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
 - iii. A time frame for the State of Utah to complete an expedited review under 36 CFR § 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the State of Utah are correct and that mitigation is appropriate.
- c. If the operator wishes, at any time, to relocate activities to avoid the expenses of mitigation and/or the delays associated with this process, the State will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The State of Utah will provide technical and procedural guidelines for the conduct of mitigation. Upon Verification from the State of Utah that the required mitigation has been completed, the operator will then be allowed to resume construction.
- d. Threatened and Endangered Species Concerns:
 - i. An approved contractor will submit the appropriate reports as required. Special Stipulations will be included in the COA's of the approved APD.
- e. Wildlife Seasonal Restrictions: Current wildlife restrictions and closure dates are specified in the BLM's Environment Impact Statement.

13. The Drilling Program is attached: See Exhibit "F".

14. Lessee's or Operator's Representatives and Certification:

a. Permitting and Compliance:

Kyla Vaughan
Regulatory Compliance
XTO Energy Inc.
2700 Farmington Avenue, Bldg K, Ste 1
Farmington, NM 87401
505-324-1090

b. Drilling and Completions:

John Egelston
XTO Energy Inc.
2700 Farmington Avenue, Bldg K, Ste 1
Farmington, NM 87401
505-324-1090

c. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be preformed by XTO Energy Inc. and its contractors and subcontractors in conformity with this APD package and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application, with bond coverage being provided by XTO Energy Inc. This statement is subject to provisions of 18 U.S.C. § 1001 for the filing of a false statement.

Signature: _____

Kyla Vaughan

XTO Energy, Inc.

Utah Federal 18-7-4-24

Drilling Data for APD

January 17, 2007

Surface Location: 1230' FSL & 1587' FWL, Sec. 4, T18S, R7E

Proposed TD: 3740'

Approximate Elevation: 6693'

Objective: Ferron Coal

KB Elevation: 6705'

1. Mud Program:

Interval	0'-300'	300'-3740'
Hole Size	12.25"	8.75"
Mud Type	Air/Mist	Air/LSND/Gel Chemical
Weight	N/A	8.4-8.6
Viscosity	N/A	45-60
Water Loss	N/A	8-10

- a. Air drill to TD unless excessive water flow is encountered then switch to water based mud. If mud is required, use fibrous materials as needed to control seepage and lost circulation. Pump high viscosity sweeps as needed for hole cleaning. Raise viscosity at TD for logging. Reduce viscosity after logging for cementing.
- b. The blooie line will be approximately 100' in length and will extend in a straight line from below the rotating head as indicated in the BOP schematic. An automatic spark-type igniter will be fixed to the end of the blooie line and set to provide a continuous spark to ignite and burn any produced hydrocarbons and/or gasses.
- c. If necessary, de-dusting will be accomplished with a small pump, waterline, and spray nipple positioned near the end of the blooie line to provide a continuous spray of water.
- d. Sufficient mud materials will be stored on location to maintain well control and combat lost circulation problems that might reasonably be expected.
- e. The BOP system will be consistent with API RP53 and Onshore Oil & Gas Order No. 2. Pressure tests of the surface casing and all BOP equipment subject to pressure will be conducted before drilling the casing shoe. Blowout preventer controls will be installed prior to drilling the surface casing shoe and will remain in use until the well is completed or abandoned. Ram preventers shall be inspected and operated daily. Annular preventers shall be inspected and operated weekly to ensure good mechanical working order. The inspections and tests shall

EXHIBIT F

be recorded in the drilling log and daily drilling report. See the attached BOP and choke manifold schematic.

2. Casing Program:

- a. Surface Casing set @ 300' in a 12.25" hole.

9.625,36 #/ft, J-55, ST&C, (8.921" ID, 8.765" Drift)					
Collapse Press	Burst Press	Joint Strength	SF Collapse	SF Burst	SF Tension
2020	3520	394	15.060	26.240	36.480

- b. Production Casing set @ 3740' in a 8.75" hole.

5.5", 15.5 #/ft, J-55, ST&C (4.950" I.D., 4.825" Drift)					
Collapse Press	Burst Press	Joint Strength	SF Collapse	SF Burst	SF Tension
4040	4810	202	2.419	2.880	3.480

Safety Factors based on vertical wellbore conditions with hydrostatic of fresh water with no backup used to calculate burst and collapse. Tension based on hanging weight in air.

3. Well Heads:

- a. Casing Head: Install Larkin Fig 92 (or equivalent), 10" nominal, 2,000 psig WP (4,000 psig test) with 8-5/8" 8rnd thread on bottom and 10-3/4" 8rnd thread on top. NU BOP and choke manifold (see attached schematic). Stack to consist of drilling spool with choke and kill lines, double rams with pipe rams on top, blind rams on bottom. Use cold water and test BOP to 250 psi low and 1,000 psi high. Record all tests on the IADC report. Inspect accumulator and closing unit to ensure that pre-charge pressures and oil levels are within API Specifications and report same on IADC report.
- b. Tubing Head: Larkin Fig 612 (or equivalent), 5,000 psig WP (5,000 psig test), 5 1/2" SOW (or API 8 rnd female thread) on bottom, 7 1/16" 5,000 psig flange on top with two 3" LPOs.

4. Cement Program:

- a. Surface: 117 sx of Type V cement (or equivalent) containing 1% CaCl, 1/4 pps Flocele, and 10% Cal_Seal mixed at 14.2 ppg and 1.61 ft³/sk.
- i. Slurry Volume is 94 ft³, 200% excess of calculated annular volume to 300'.

EXHIBIT F

b. Production:

- i. The production casing will be cemented using 2 (lead and tail) cement slurries. The lead cement (filler grade) volume will be calculated based on a maximum achievable top assuming formation pressure of 1,000 psi at the shoe. The tail cement will be calculated from TD to 300' above the Upper Ferron Sandstone as indicated on the formation tops table.
- ii. Lead Cement: 55 sx of CBM Light Weight Cement with 10 pps Gilsonite and ¼ pps celloflake mixed at 10.5 ppg and 4.15 ft³/sk.
- iii. Tail Cement: 97 sx of CBM Light Weight Cement with 10 pps Gilsonite and ¼ pps celloflake mixed at 13.5 ppg and 1.81 ft³/sk.
- iv. Slurry volume is 400 ft³, 40% excess of calculated annular volume to 1,000 psi hydrostatic over formation pressure.

5. Logging Program

- a. Mud logger: The mud logger will come on after surface pipe is set and will remain until TD. The mud will be logged in 10' intervals.
- b. Run Array Induction (if wet), compensated neutron, density, GR, caliper, SP (if wet), and Pe from TD to the bottom of the surface casing.

6. Formation Tops:

Formation	Well Depth
Top of Upper Ferron SS	3290
Top of Coal Zone	3345
Top of Lower Ferron SS	3440
Total Depth	3740

- a. No known oil zones will be penetrated.
- b. Gas bearing sandstones and coals will be penetrated from 3290' to 3740'.
- c. No known fresh water zones will be penetrated. The gas bearing sandstones and coals may contain in-situ water.
- d. No known mineral zones will be penetrated.
- e. Any prospectively valuable minerals and all fresh water zones encountered during drill will be recorded, cased, and cemented. If possible, water flow rates will be

EXHIBIT F

measured and samples will be taken and analyzed with the results being submitted to the appropriate agency.

7. Company Personnel:

Name	Title	Office Phone	Mobile Phone
John Egelston	Drilling Engineer	505.564.6734	505.330.6902
Jerry Lacy	Drilling Superintendent	505.566.7914	505.320.6543
Joshua Stark	Project Geologist	817.885.2240	817.565.7158
Jerry Stadulis	Reservoir Engineer	817.855.2338	817.480.4056

BOP SCHEMATIC FOR DRILLING OPERATIONS CLASS 1 (2M) NORMAL PRESSURE

TESTING PROCEDURE

1. Test BOP after installation:

Pressure test BOP to 200-300 psig (low pressure) for 10 min.

Test BOP to Working Press or to 70% internal yield of surf csg (10 min) or which ever is less.

2. Test operation of (both) rams on every trip.

3. Check and record Accumulator pressure on every tour.

4. Re-pressure test BOP stack after changing out rams.

5. Have kelly cock valve with handle available.

6. Have safety valve and subs to fit all sizes of drill string on the rig floor and ready to go.

ROTATING HEAD
(OPTIONAL)

FILL UP LINE

FLOW LINE
TO PIT

PIPE
RAMS

BLIND
RAMS

TO CHOKE
MANIFOLD
2" dia min.

See Choke Manifold drawing for
specifications

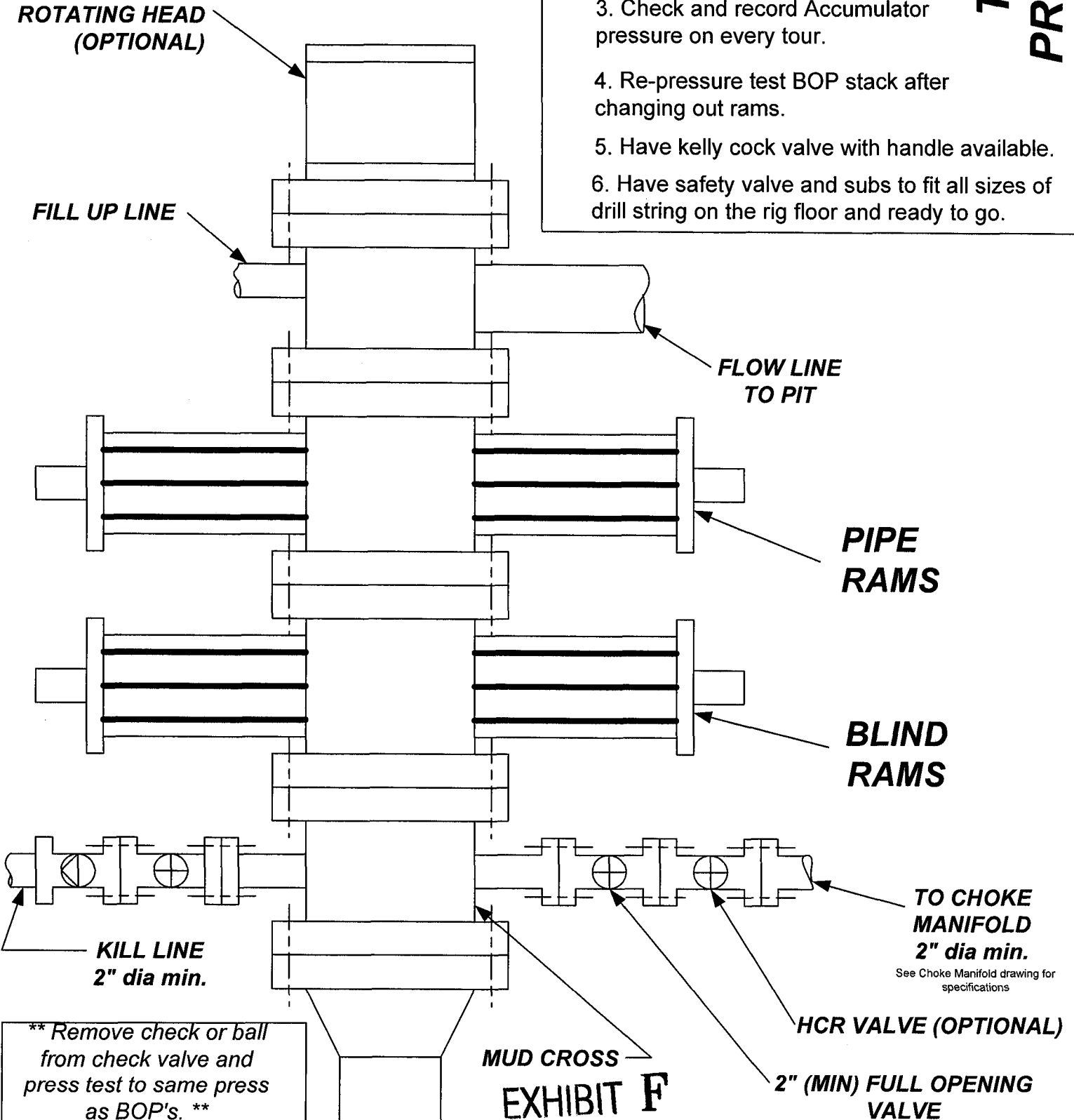
HCR VALVE (OPTIONAL)

2" (MIN) FULL OPENING
VALVE

KILL LINE
2" dia min.

** Remove check or ball
from check valve and
press test to same press
as BOP's. **

MUD CROSS
EXHIBIT F



CHOKES MANIFOLD SCHEMATIC FOR DRILLING OPERATIONS CLASS 1 (2M) NORMAL PRESSURE

1. Stake all lines from choke manifold to pit.
2. Pressure test choke manifold after installation.
3. Pressure test manifold at the same time with the BOP Stack. Test manifold to the same test pressures.

TESTING PROCEDURE

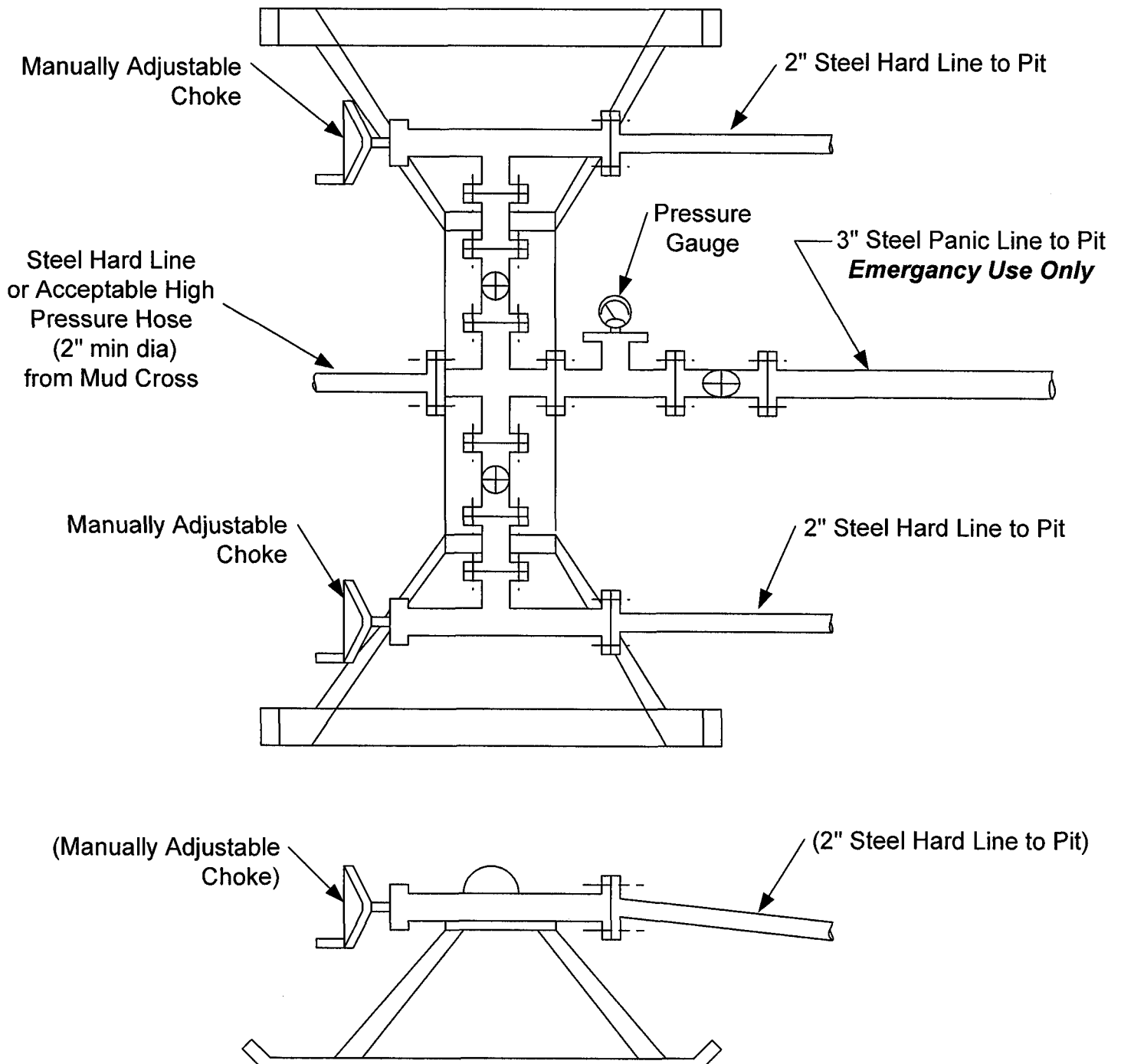


EXHIBIT F

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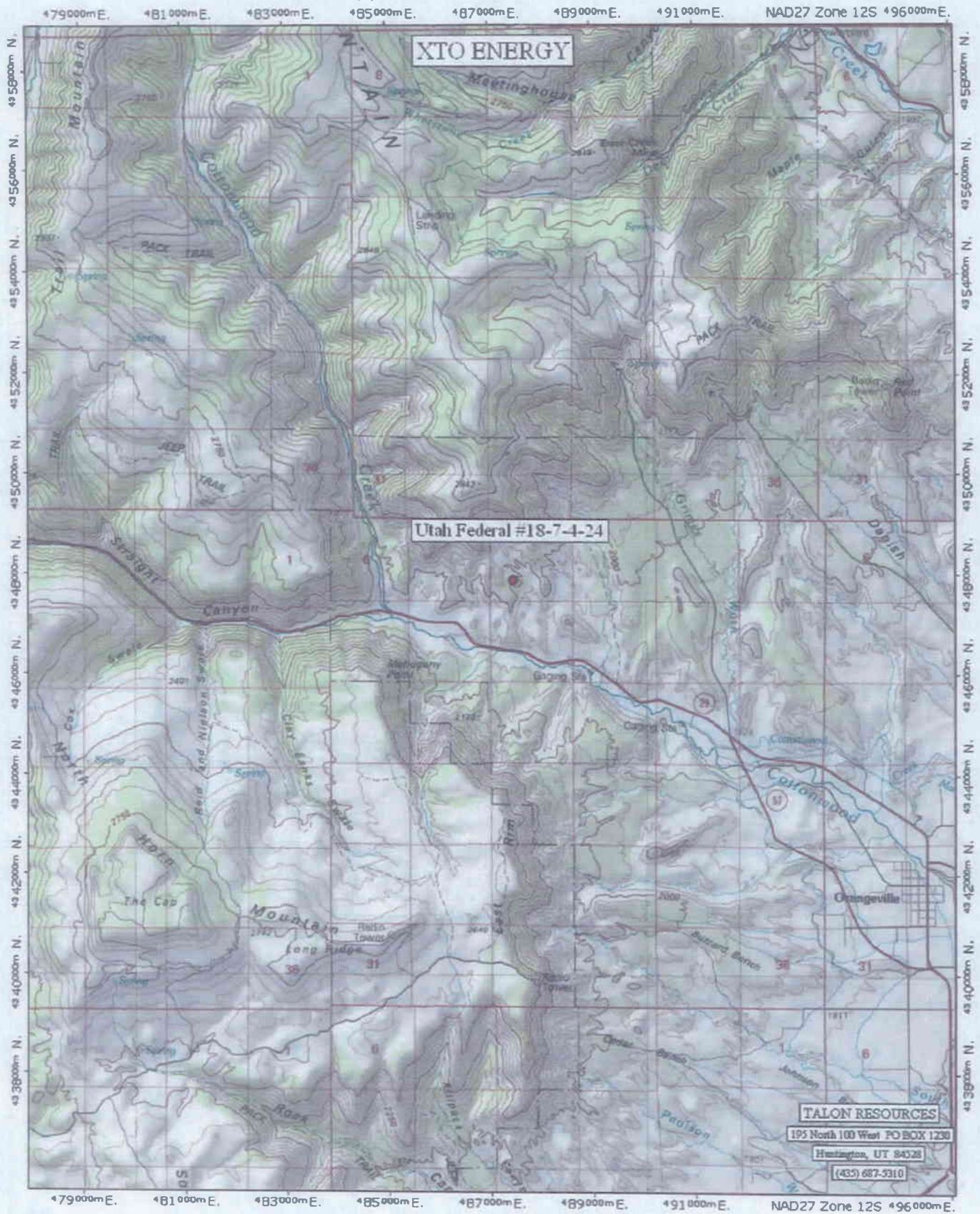
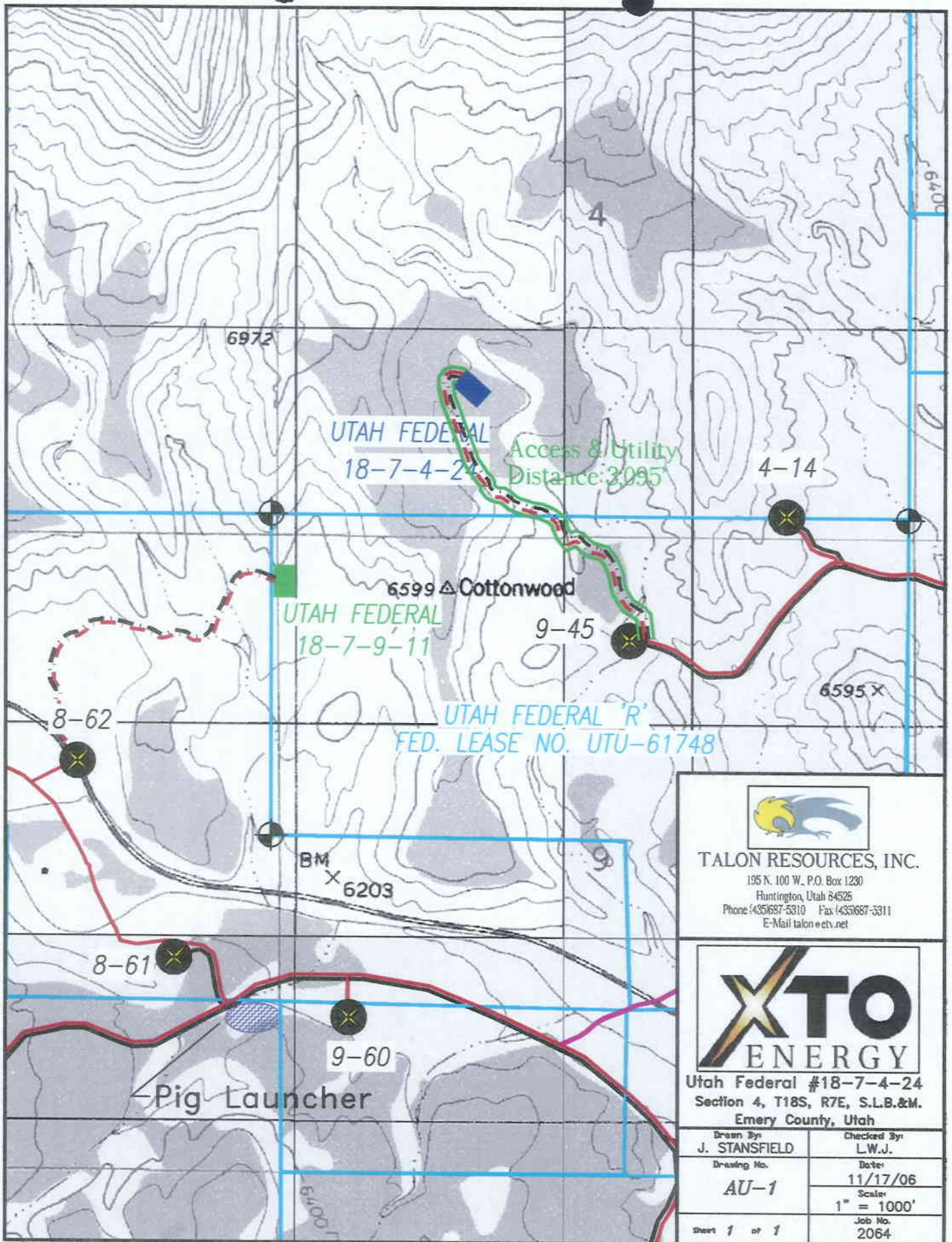


EXHIBIT A



TALON RESOURCES, INC.

195 N. 100 W., P.O. Box 1230
Huntington, Utah 84525
Phone (435) 687-5310 Fax (435) 687-5311
E-Mail talon@etv.net



Utah Federal #18-7-4-24
Section 4, T18S, R7E, S.L.B.&M.
Emery County, Utah

Drawn By
J. STANSFIELD

Checked By
L.W.J.

Drawing No.

Date:

AU-1

11/17/06

Scale:
1" = 1000'

Sheet **1** of **1**

Job No.
2064

EXHIBIT B

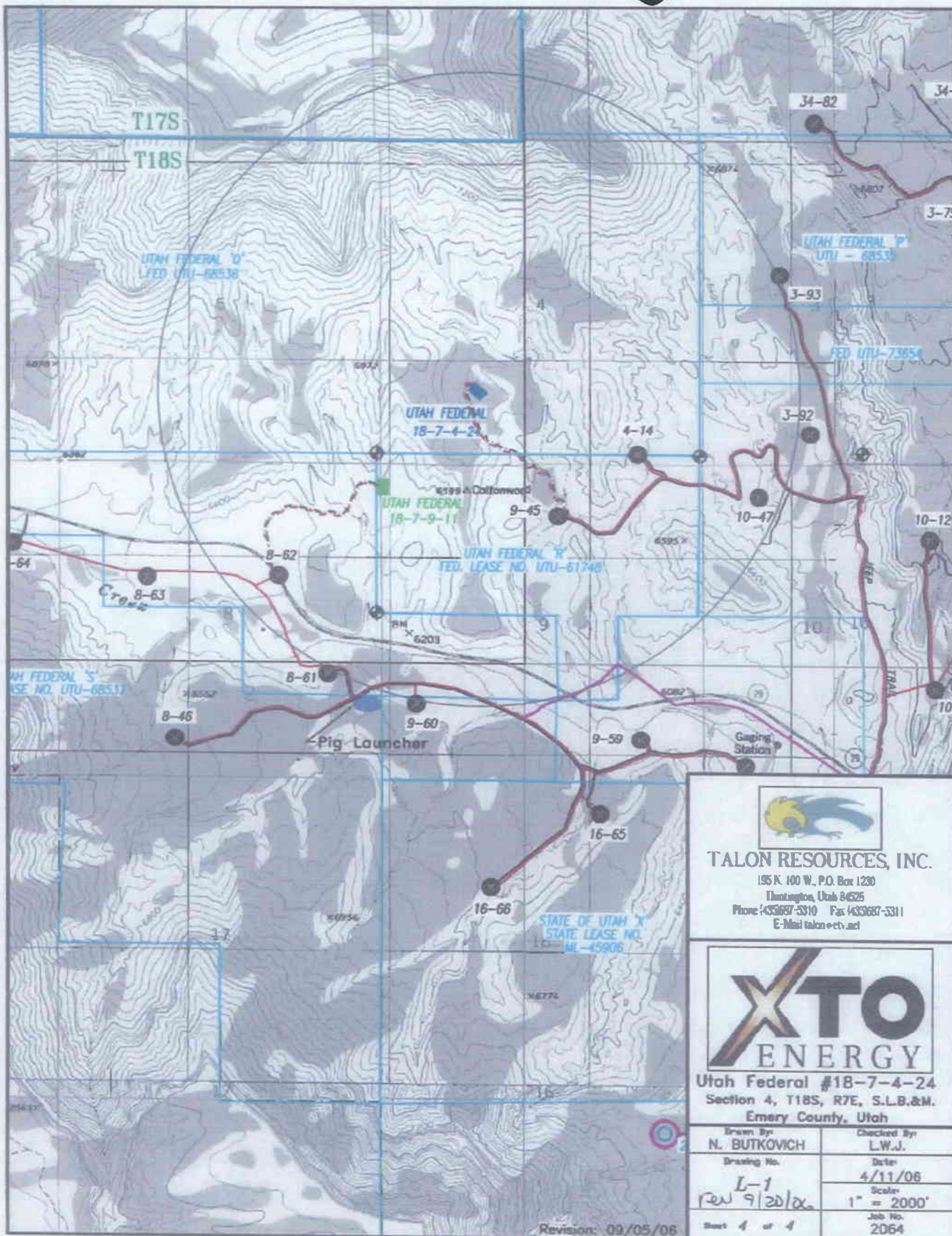
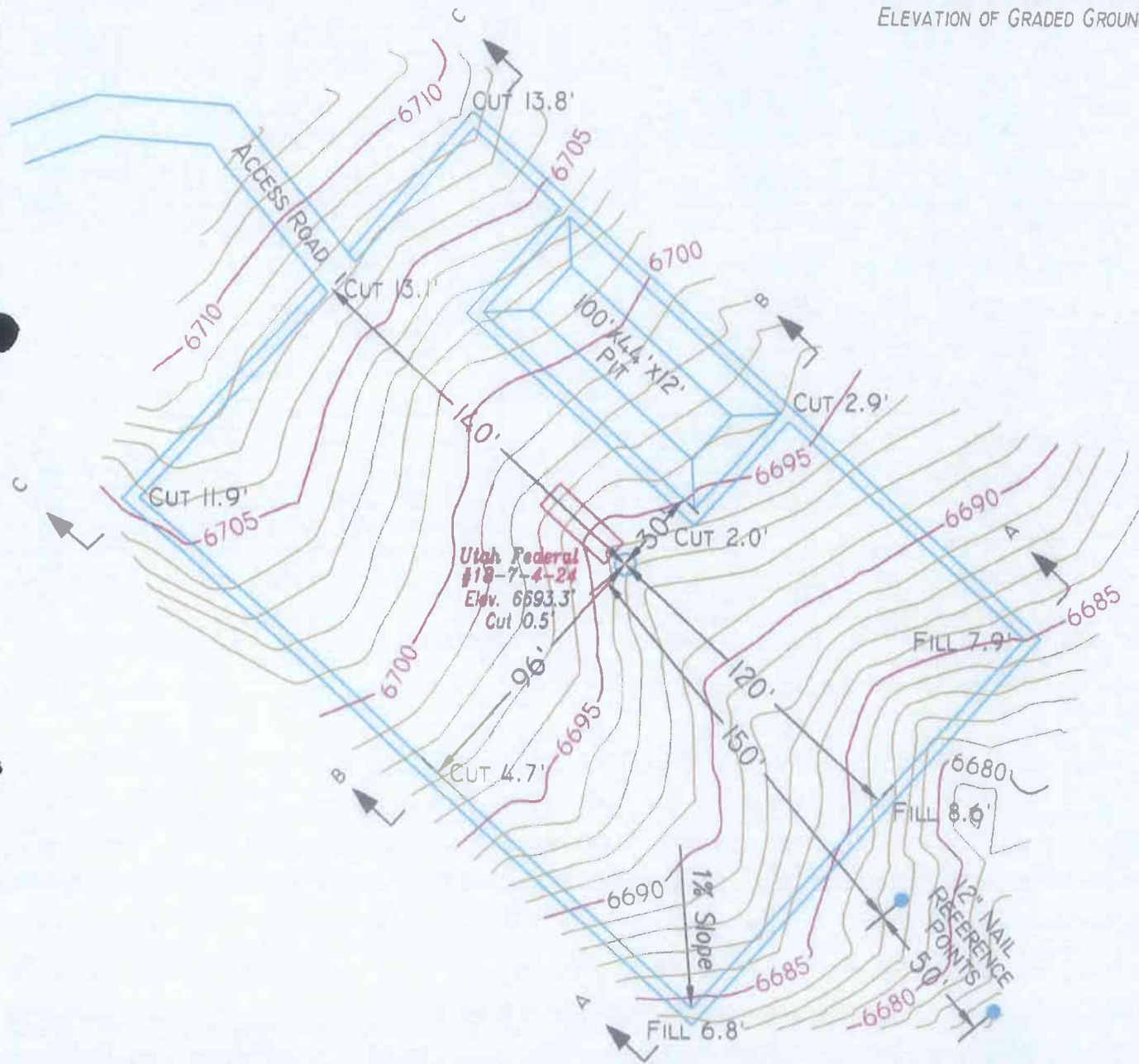


EXHIBIT C

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 6693.3'
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 6692.8'



TALON RESOURCES, INC.

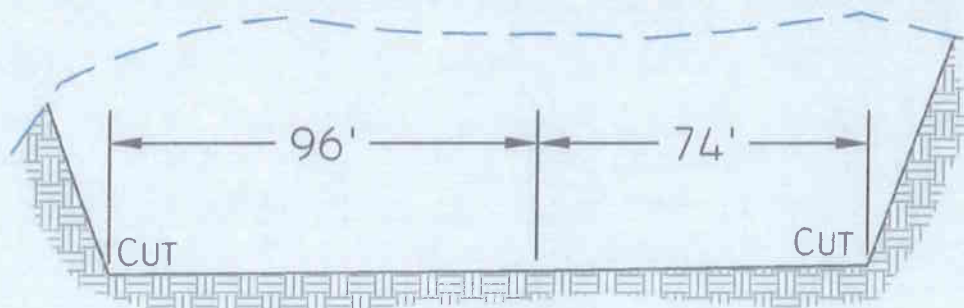
195 North 100 West P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon@trv.net



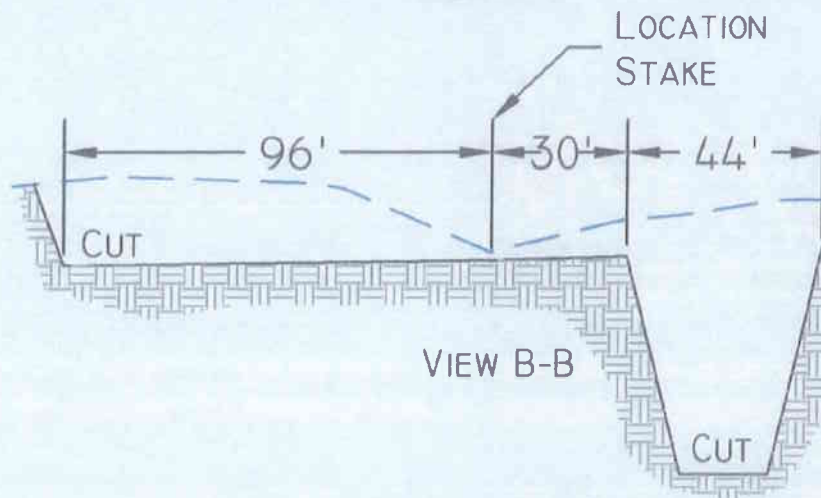
LOCATION LAYOUT
 Section 4, T18S, R7E, S.L.B.&M.
 Utah Federal #18-7-4-24

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. A-2	Date: 3/8/06
	Scale: 1" = 50'
Sheet 2 of 4	Job No. 2064

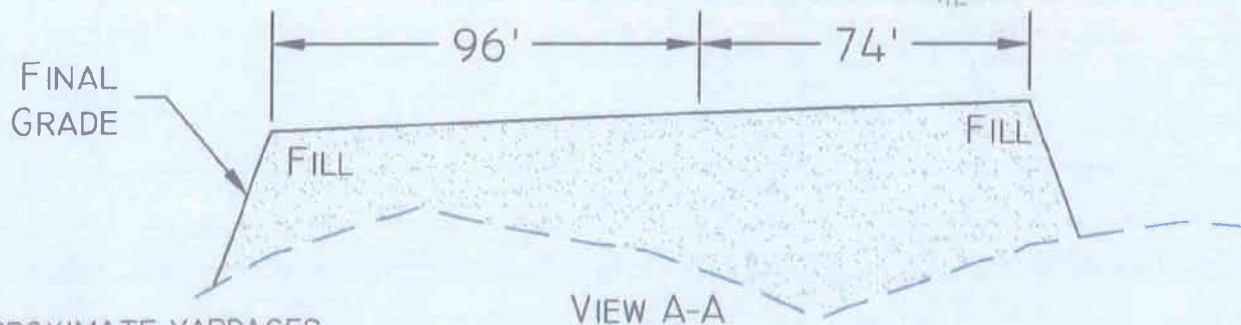
REvised 9/20/06



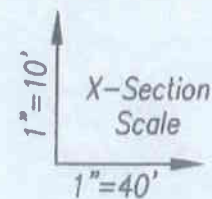
VIEW C-C



VIEW B-B



VIEW A-A



SLOPE = 1 1/2 : 1
(EXCEPT PIT)
PIT SLOPE = 1 : 1



TALON RESOURCES, INC.
185 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435) 687-5310 Fax (435) 687-5311
E-Mail talonectv.net



TYPICAL CROSS SECTION
Section 4, T18S, R7E, S.L.B.&M.
Utah Federal #18-7-4-24

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. C-1	Date: 3/6/06
	Scale: 1" = 40'
Sheet 3 of 4	Job No. 2064

APPROXIMATE YARDAGES

CUT
(6") TOPSOIL STRIPPING = 820 Cu. Yds.
REMAINING LOCATION = 9,850 Cu. Yds.
(INCLUDING TOPSOIL STRIPPING)

TOTAL CUT (INCLUDING PIT) = 11,270 Cu. Yds.
TOTAL FILL = 3,430 Cu. Yds.

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 01/22/2007

API NO. ASSIGNED: 43-015-30703

WELL NAME: UT FED 18-7-4-24

OPERATOR: XTO ENERGY INC (N2615)

CONTACT: KYLA VAUGHAN

PHONE NUMBER: 505-324-1090

PROPOSED LOCATION:

SESW 04 180S 070E

SURFACE: 1230 FSL 1587 FWL

BOTTOM: 1230 FSL 1587 FWL

COUNTY: EMERY

LATITUDE: 39.28178 LONGITUDE: -111.1455

UTM SURF EASTINGS: 487451 NORTHINGS: 4347848

FIELD NAME: BUZZARD BENCH (132)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
-------------	----------	------

Engineering		
-------------	--	--

Geology		
---------	--	--

Surface		
---------	--	--

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-68536

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: FRSD

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat

☒ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UTB-000138)

☒ Potash (Y/N)

☒ Oil Shale 190-5 (B) or 190-3 or 190-13

☒ Water Permit

(No. MUNICIPAL)

☒ RDCC Review (Y/N)

(Date: _____)

☒ Fee Surf Agreement (Y/N)

☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

____ R649-2-3.

Unit: _____

____ R649-3-2. General

Siting: 460 From Qtr/Qtr & 920' Between Wells

____ R649-3-3. Exception

☒ Drilling Unit

Board Cause No: 245-1

Eff Date: 7-7-99

Siting: 460' Fr Dubl baryn & 920' Fr other Wells.

____ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: _____

Federal Approval

T17S R7E

T18S R7E

BUZZARD BENCH FIELD

CAUSE: 245-1 / 7-7-1999

UT FED
18-7-4-24

UTAH FED
Q 4-44

UT FED
18-7-9-11

UTAH
FED R 9-45

UTAH FED
P 10-47

OPERATOR: XTO ENERGY INC (N2615)

SEC: 4 T.18S R. 7E

FIELD: BUZZARD BENCH (132)

COUNTY: EMERY

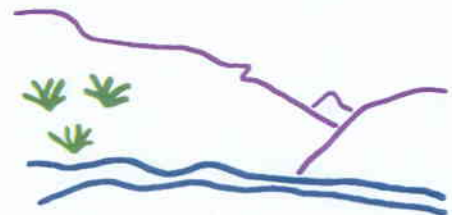
CAUSE: 245-1 / 7-7-1999

Field Status
■ ABANDONED
■ ACTIVE
■ COMBINED
■ INACTIVE
■ PROPOSED
■ STORAGE
■ TERMINATED

Unit Status
■ EXPLORATORY
■ GAS STORAGE
■ NF PP OIL
■ NF SECONDARY
■ PENDING
■ PI OIL
■ PP GAS
■ PP GEOTHERML
■ PP OIL
■ SECONDARY
■ TERMINATED

Wells Status

✂ GAS INJECTION
✂ GAS STORAGE
✂ LOCATION ABANDONED
✂ NEW LOCATION
✂ PLUGGED & ABANDONED
✂ PRODUCING GAS
● PRODUCING OIL
✂ SHUT-IN GAS
● SHUT-IN OIL
✂ TEMP. ABANDONED
○ TEST WELL
△ WATER INJECTION
⊕ WATER SUPPLY
⊖ WATER DISPOSAL
⊙ DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA MASON
DATE: 24-JANUARY-2007



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

January 24, 2007

XTO Energy, Inc.
2700 Farmington Ave. Bldg. K, Ste. 1
Farmington, NM 87401

Re: Utah Federal 18-7-4-24 Well, 1230' FSL, 1587' FWL, SE SW, Sec. 4,
T. 18 South, R. 7 East, Emery County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-015-30703.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Emery County Assessor
Bureau of Land Management, Moab District Office

Operator: XTO Energy, Inc.
Well Name & Number Utah Federal 18-7-4-24
API Number: 43-015-30703
Lease: UTU-68536

Location: SE SW Sec. 4 T. 18 South R. 7 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-68536
2. NAME OF OPERATOR: XTO ENERGY INC.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: 382 CR 3100 CITY AZTEC STATE NM ZIP 87410		7. UNIT or CA AGREEMENT NAME: N/A
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1230 FSL x 1587 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 4 18S TE S		8. WELL NAME and NUMBER: UTAH FEDERAL 18-7-4-24
PHONE NUMBER: (505) 333-3100		9. API NUMBER: 4301530703
		10. FIELD AND POOL, OR WILDCAT: FERRON SANDSTONE
		COUNTY: EMERY
		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

XTO is requesting a one year extension on the above listed APD.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 01-16-08
By: [Signature]

CONF
Date: 1-16-2008
[Signature]

NAME (PLEASE PRINT) Kyla Vaughan	TITLE Regulatory Compliance
SIGNATURE [Signature]	DATE 1/10/2008

(This space for State use only)

RECEIVED
JAN 15 2008

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-015-30703
Well Name: Utah Federal 18-7-4-24
Location: 1230 FSL x 1587 FWL in Sec 4, T18S, R7E
Company Permit Issued to: XTO ENERGY, INC.
Date Original Permit Issued: 1/24/2007

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐


Signature

1/10/2008
Date

Title: Regulatory Compliance

Representing: XTO Energy, Inc.

RECEIVED
JAN 15 2008
DIV. OF OIL, GAS & MINING



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Price Field Office
125 South 600 West
Price, UT 84501
(435) 636-3600 Fax: (435) 636-3657
<http://www.blm.gov/utah/price/>



IN REPLY REFER TO:
3160
UTU-68536

JUN 18 2008

RECEIVED
JUN 20 2008
DIV. OF OIL, GAS & MINING

Kelly K. Small
XTO Energy Incorporated
382 CR 3100
Aztec, NM 87410

43-015-30703

Re: Well No. Utah Federal 18-7-4-24
SESW-Sec. 4-T18S-R7E
Emery County, Utah
Lease No. UTU-68536

Dear Ms. Small:

The Application for Permit to Drill (APD) the above referenced well, submitted January 24, 2007, is being returned unapproved per your request to this office in an email message to Natural Resource Specialist Nathan Sill on June 11, 2008. If you intend to drill at this location at a future date, a new APD must be submitted.

If you have any questions regarding this matter, please contact me at (435) 636-3614.

Sincerely,

/s/ Katie J. Nash

Katie J. Nash
Land Law Examiner

Enclosures

cc: UDOGM



Nathan Sill/PFO/UT/BLM/DOI

06/11/2008 12:47 PM

To Katie Nash/PFO/UT/BLM/DOI@BLM

cc

bcc

Subject Fw: Utah Federal 18-7-4-24

Katie,

It looks like we can dispose of this APD file.

Nathan Sill
Natural Resource Specialist
Bureau of Land Management
Price Field Office
125 South 600 West
Price, UT 84501
(435) 636-3668

— Forwarded by Nathan Sill/PFO/UT/BLM/DOI on 06/11/2008 12:46 PM —



Kelly_Small@xtoenergy.com

06/11/2008 12:28 PM

To Nathan_Sill@blm.gov

cc

Subject Re: Utah Federal 18-7-4-24

Nathan,

XTO has decided not to proceed with the drilling of the above well. This well has been placed on our "do not drill" list. If the status changes, a new APD will be submitted at a future date.

Kelly K. Small
Regulatory Compliance Tech
382 CR 3100, Aztec, NM 87410
(505) 333-3145 Office
1-505-213-0546 efax
kelly_small@xtoenergy.com

Nathan_Sill@blm.gov

ov

06/11/2008 11:51
AM

Kelly_Small@xtoenergy.com

Katie_Nash@blm.gov

Utah Federal 18-7-4-24

To

cc

Subject

RECEIVED

JUN 20 2008

DIV. OF OIL, GAS & MINING

Kelly,

If XTO is no longer interested in this well would you mind sending me an e-mail stating that so we can clean up our files. If you want to discuss this feel free to call or e-mail. Thanks.

Nathan Sill
Natural Resource Specialist
Bureau of Land Management
Price Field Office
125 South 600 West
Price, UT 84501
(435) 636-3668



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 16, 2009

Kyla Vaughan
XTO Energy Inc.
2700 Farmington Ave.
Bldg K Ste 1
Farmington NM 87401

Re: APD Rescinded – Utah Federal 18-7-4-24, Sec. 4 T. 18S, R. 7E
Emery County, Utah API No. 43-015-30703

Dear Ms. Vaughan:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on January 24, 2007. On January 16, 2008 the Division granted a one-year APD extension. March 10, 2009, you requested that the division rescind the state approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective March 10, 2009.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Moab

